

Statement of Congressman John Conyers, Jr.
Committee Markup of S. 256 - Bankruptcy Bill
March 16, 2005

Today, the Majority continues their assault on the American consumer. Last month, we passed into law the special interest class action bill, which literally slams the court house door on millions of individuals harmed by fraud, deception, civil rights and labor abuses. Today, we take up the bankruptcy bill, which massively tilts the playing field in favor of credit card companies and against ordinary workers and families.

To those who argue the bill is a fair compromise that only punishes wealthy debtors, I would ask them to read how the bill gives creditors massive new rights to bring threatening motions against low income debtors. Read how the bill permits credit card companies to reclaim common household goods which are of little value to them, but very important to the debtor's family. Read how the bill makes it next to impossible for people below the poverty line to keep their house or their car in bankruptcy.

To those who claim the bill protects alimony and child support, I would ask them if they are aware that the bill creates major new categories of non dischargeable debt that compete directly against the collection of child support and alimony payments. Whether they are aware the bill allows landlords to evict battered women without bankruptcy court approval, even if the eviction poses a threat to the woman's physical well being.

To those who assert the bill cracks down on creditor abuse, I would ask if they realize the bill does absolutely nothing to discourage abusive under-age lending, nothing to discourage reckless lending to the developmentally disabled, nothing to regulate the practice of so-called 'subprime' lending to persons with no means or little ability to repay their debts, and nothing to crack down on unscrupulous pay-day lenders that prey on members of the armed forces.

To those who suggest the bill fixes the problem of homestead exemption abuse, I would suggest that rather than repeal or even cap the homestead exemption, the bill places only weak obstacles in its place. The bill does nothing to prevent the very worst abuses in the bankruptcy code, such as avoiding claims for bilking seniors out of billions of dollars of their

life savings, or denying workers their hard-earned pension payments. And it ignores the asset trust loophole, whereby high-income individuals stash away millions of dollars in special trusts to avoid their debts in bankruptcy.

Last year nearly one and one-half million middle-class individuals filed for bankruptcy. Their average income was less than \$25,000, and the principal causes for their filings were layoffs, health problems and divorce. In my judgment, it is a grave mistake to punish these individuals while rewarding credit card companies and business lobbyists at a time when corporate greed has already destroyed the lives of millions of American workers.

I urge every member of this Committee to consider the real life consequences of this legislation on ordinary, hard working Americans, and reject this special interest legislation.